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State of Minnesota
Department of Commerce
St Paul, MN.

Re: Distributed Generation and Net Metering Workshop Comments

Thanks to the state of Minnesota and the Department of Commerce (DoC) for coordinating meetings with interested parties for Distributed Generation (DG) discussions. Too often ratepayers don't feel like we have a voice in policy. Many voters don't like policy rammed down our throats especially when it isn't well thought out to include maximum economic benefit that can otherwise open up opportunities for Minnesota and Minnesotans. A good example is transmission policy in our state has been shortsighted primarily serving utility interests.

Utility and fossil fuel interests, along with policy makers, have given short shrift to economic benefits from DG, too often not prioritizing better interests of the state, its ratepayers and the environment. Energy policy achieving environmental goals go hand in hand with economics. There is strong evidence because of economic and environmental research and subsequent polls suggesting devising better clean energy policy relative to economics, present and future makes sense to most voters. There is much benefit to be gained.

In my view, policy should be written to allow customer choice through aggregation. This may mean at the least unbundling generation from utilities. Rates are continuing to rise due primarily to issues with aging fossil fuel generation and fossil fuel use with respect to environmental problems and subsequent regulations. Clean energy technology has improved gaining higher efficiencies and pricing continues to decline. Community owned business models relative to power generation and electric utility reluctance to provide customer choices at a fair cost is providing perfect impetus to fully evaluate the utility's role for distributed power generation. Utilities should not be calling the shots. They do not have the better interests of the state as their priority.

There needs to be more on the table than presented at the workshops and I was disappointed that I didn't hear about choice options for Minnesotans. There are examples along these lines in other states which I heard no mention of. For good reason there is conflict between the utility industry on energy, environmental and economic issues and the better interests of ratepayers which has been and is apparent. That conflict will likely manifest itself through higher rates if smart policy isn't designed. Part of that smarter policy could and should mean unbundling generation providing greater community choices. Let the free market rule. From my perspective:



1. Government incentives and current mandates/goal limitations concerning FITs or RPS's and etc., may not meet customer demand.
2. Policy should be written to not discriminate against people and business without rooftop or land capability.
3. Several states have implemented "energy choice" policies which include aggregating customers. This policy not only provides a free market potentially with increasing amounts of clean energy and economic opportunity but also keeps energy dollars within the state. In states that have implemented cleaner energy aggregation it has been less expensive than energy coming from traditional sources.
4. There is an overlooked opportunity to combine solar rooftop or ground mounted solar with bulk wind which would bring the cost of solar down. There are many, many C-BED/bulk wind projects that could be utilized for such a hybrid program. Currently bulk wind can be produced at the bus bar for about \$ 35.00/Mwh with an additional \$7.50 - \$ 10.00/Mwh delivered to almost any point in Minnesota. Without the PTC this price jumps approximately \$ 22.00/Mwh. The combined cost would still be competitive with GRE's Jamestown new coal fired generator which is currently off line and irrespective of future carbon legislation.
5. Cheaper and cleaner energy options (through bulk wind) can be designed and placed into service grid for optimization providing benefits to local grids as well as economic incentive. This is realized by increasing reliability (frequency and grid support/VARS), development of micro grids and peak shaving through existing and future energy storage technology. Independent System Operator programs are currently incentivizing battery storage because of their quick response times and efficiencies compared to central station generation (PJM_October 2012).
6. There should be no cap. Let the free market rule. We want clean energy choices.
7. It's unclear how a FIT would relate to the existing RPS which most or all utilities have fulfilled. Most utilities do not need any power for several years.
8. Xcel's "buy all sell" all results in unnecessary higher pricing. They act as a middle man which isn't needed.

Existing utility models do not have the best interests of ratepayers in mind. They are too focused on shareholder returns and maintaining control over antiquated business models, transmission systems and outdated and polluting electric supply. The result is and has been exporting far too many dollars out of the state, lost economic opportunity as well as environmental issues relating to current and future rate hikes.



In many respects customer choice aggregation policy may provide a better path to developing clean DG power for customers at cheaper rates than currently available. This is especially true where there is risk of further rate hikes due to central station business models utilizing polluting energy supplies and a business as usual scenario which involves expensive transmission. Non discriminatory energy choice aggregation along with utilization of local bulk wind may provide the economies to develop hybrid clean energy solar and storage programs. There are reliability benefits which would likely be realized, as well.

Smart grid is coming, in fact is happening. For many reasons innovation, smart grid/micro grid, clean energy and greater community involvement is opening up opportunity for cost savings and new business development. Community by community where energy grids distribute greater control and better choices to many Americans in other states increasingly makes sense on many levels. There needs to be a market for clean DG, and the utility industry has effectively squashed competition and choice through territorial laws.

There are many, many benefits accruing through DG and unbundling. Let the free market rule. We may all experience a cleaner environment, affordable rates and energy innovation that can bring significant economic development activity and opportunity to rural and urban areas of Minnesota.

I'd like to see Minnesota lead on clean energy and community involvement issues again.

Thank you,
John Ihle
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